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NUNAVUT IMALIRIYIN KATIMAYINGI
NUNAVUT WATER BOARD
OFFICE DES EAUX DU NUNAVUT

WATER LICENCE APPLICATION FORM

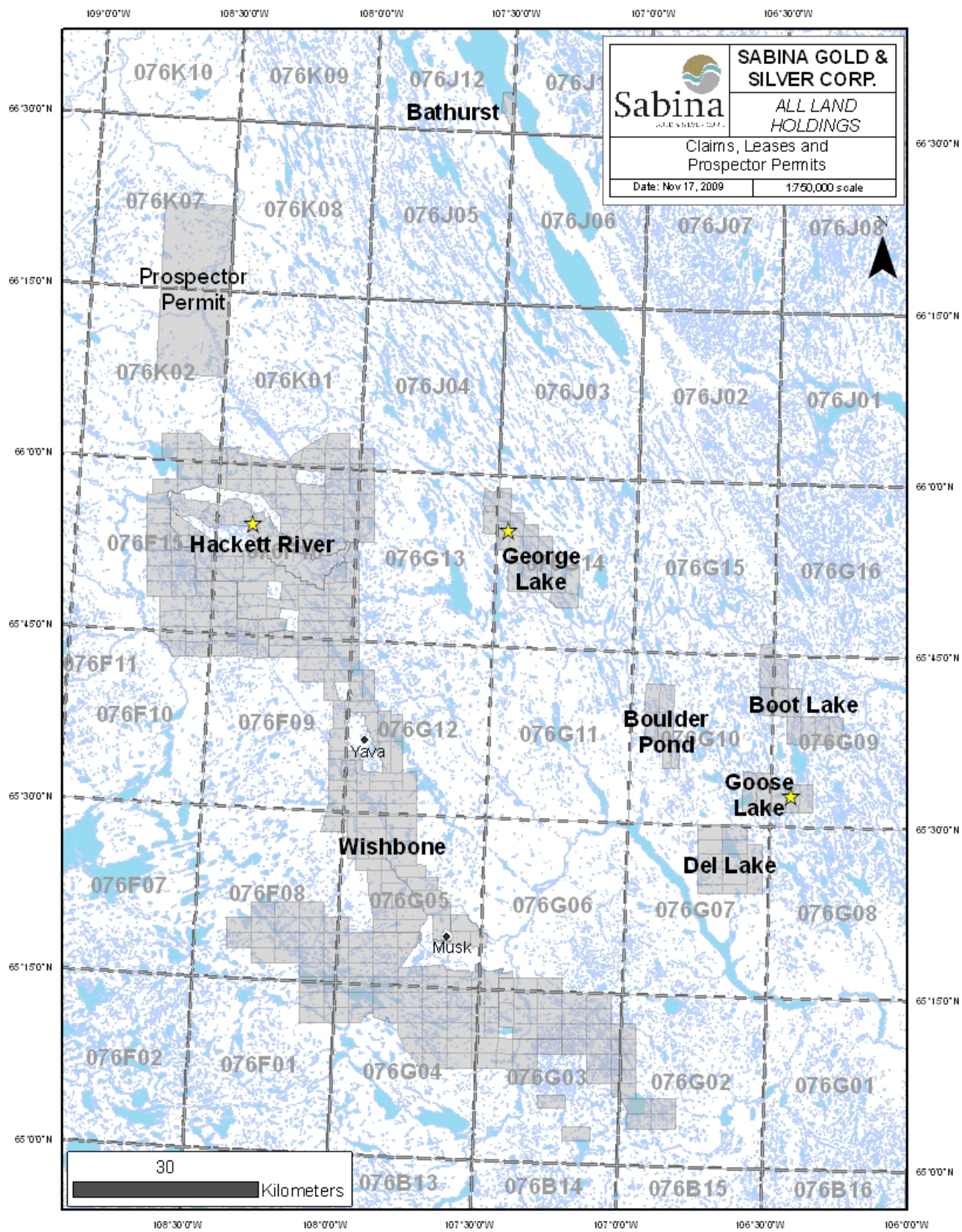
Application for: (check one)

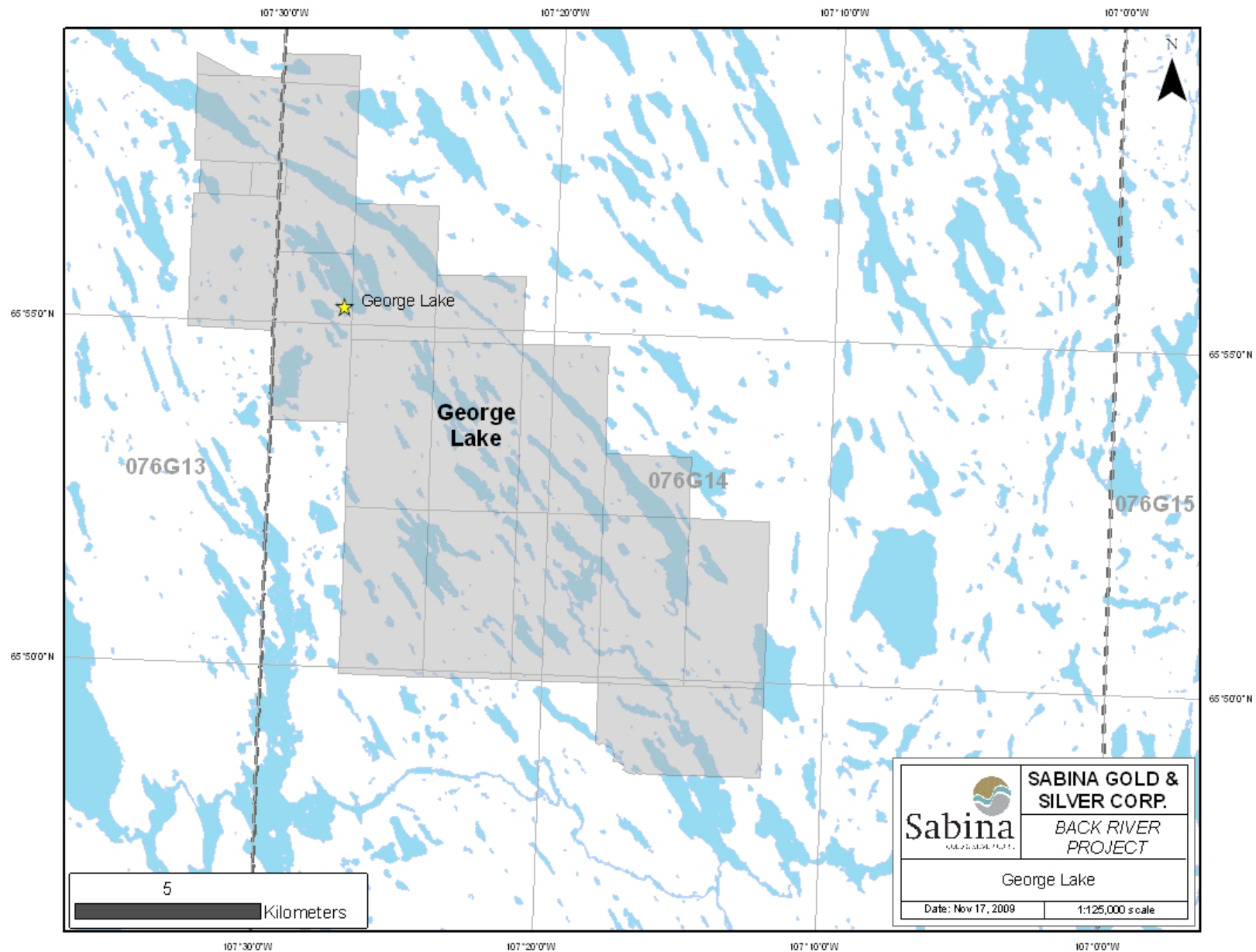
☐ New
 ☒ Renewal
 ☒ Amendment
 ☐ Assignment
 ☐ Cancellation

LICENCE NO:

(for NWB use only)

1. NAME AND MAILING ADDRESS OF APPLICANT/LICENSEE Sabina Gold & Silver Corp. 930 West 1 st Street, Suite 202 North Vancouver, BC V7P 3N4 Phone: 604-998-4175 Fax: 604-998-1051 E-mail: dcater@sabinagoldsilver.com	2. ADDRESS OF CORPORATE OFFICE IN CANADA (if applicable) Sabina Gold & Silver Corp. 930 West 1 st Street, Suite 202 North Vancouver, BC V7P 3N4 Phone: 604-998-4175 Fax: 604-998-1051 E-mail: dcater@sabinagoldsilver.com																												
3. LOCATION OF UNDERTAKING (describe and attach a topographical map, indicating the main components of the Undertaking) George Lake camp, with exploration drilling activities on the George Lake claim group. Either Goose Lake camp or Hackett River camp will be used as the base of operations for exploration and drilling activities throughout the George Lake claim groups. <table style="width: 100%; border: none;"> <tr> <td colspan="4">Project Area:</td> </tr> <tr> <td style="width: 25%;">Max Lat:</td> <td style="width: 25%;">66°02' N</td> <td style="width: 25%;">Min Lat:</td> <td style="width: 25%;">65°48' N</td> </tr> <tr> <td>Max Long:</td> <td>107°34' W</td> <td>Min Long:</td> <td>107°10' W</td> </tr> <tr> <td>NTS Map Sheet:</td> <td>76G, 76J</td> <td>Scale:</td> <td>1:250,000</td> </tr> </table> <table style="width: 100%; border: none;"> <tr> <td colspan="2">George Lake camp:</td> </tr> <tr> <td style="width: 40%;">Latitude:</td> <td>65°55'13" N Longitude: 107°27'35" W</td> </tr> <tr> <td colspan="2">Goose Lake camp (base of operations):</td> </tr> <tr> <td style="width: 40%;">Latitude:</td> <td>65°32'40" N Longitude: 106°25'35" W</td> </tr> <tr> <td colspan="2">Hackett River camp (alternate base of operations):</td> </tr> <tr> <td style="width: 40%;">Latitude:</td> <td>65°54'45" N Longitude: 108°22'05" W</td> </tr> </table>		Project Area:				Max Lat:	66°02' N	Min Lat:	65°48' N	Max Long:	107°34' W	Min Long:	107°10' W	NTS Map Sheet:	76G, 76J	Scale:	1:250,000	George Lake camp:		Latitude:	65°55'13" N Longitude: 107°27'35" W	Goose Lake camp (base of operations):		Latitude:	65°32'40" N Longitude: 106°25'35" W	Hackett River camp (alternate base of operations):		Latitude:	65°54'45" N Longitude: 108°22'05" W
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Bird's eye view of George Lake. Photo taken June, 2008. View looking northwest.

4. DESCRIPTION OF UNDERTAKING (attach plans and drawings)

This application is requesting to maintain the previous allocation of 143 m³/day under NWB License 2BE-GEO0210.

Exploration work over the next five years may include:

1. Seasonal operation of the existing camp at George Lake for support, supply and emergency use. In general, operations would commence in March of each year and close by the end of October.
2. Transport of fuel and drilling supplies to and from the camp and associated storage and handling.
3. Ground and aerial geophysical surveys and geologic mapping.
4. Diamond drill testing of the geophysical targets and step-out drilling on the known deposits.
5. Transport of drilled core to camp for geological logging, sampling and storage.
6. Transport of personnel to and from the existing camp and drill sites with a helicopter.
7. Fixed wing planes will provide transport to and from the camp. This is typically using Twin Otter, however, on an as-needed basis larger planes such as but not limited to DHC-5 Buffalo and C-130 Hercules may be used.
8. Inspection and reclamation of drill sites upon drill hole completion.
9. Camp clean-up and progressive reclamation.

Primary support and accommodations for all activities will be out of either of the existing camps at Goose Lake or Hackett River. Daily activities at the camp will consist of maintenance of vehicles and facilities and drill support/resupply. Drilling operations will be helicopter-supported with drill crews operating on a 24-hour schedule (2 12-hour shifts), returning to Goose Lake or Hackett River at the completion of each shift.

5. **TYPE OF PRIMARY UNDERTAKING** (A supplementary questionnaire **must** be submitted with the application for undertakings listed in “**bold**”)

- | | |
|---|---|
| <input type="checkbox"/> Industrial | <input type="checkbox"/> Agricultural |
| <input checked="" type="checkbox"/> Mining and Milling (includes exploration/drilling) | <input type="checkbox"/> Conservation |
| <input type="checkbox"/> Municipal (includes camps/lodges) | <input type="checkbox"/> Recreational |
| <input type="checkbox"/> Power | <input type="checkbox"/> Miscellaneous (describe below): |

6. **WATER USE**

- | | |
|---|---|
| <input checked="" type="checkbox"/> To obtain water | <input type="checkbox"/> Flood control |
| <input type="checkbox"/> To cross a watercourse | <input type="checkbox"/> To divert a watercourse |
| <input type="checkbox"/> To modify the bed or bank of a watercourse | <input type="checkbox"/> To alter the flow of , or store, water |
| <input type="checkbox"/> Other (describe): | |

7. **QUANTITY OF WATER INVOLVED** (cubic metres per day including both quantity to be used and quality to be returned to source)

- Water use** ☐ 100m³/day or less
☒ Greater than 100m³/day; if greater, indicate quantities to be used for each purpose (camp, drilling, etc.) Minimal quantities (1-3 m³) for use around camp on a very sporadic basis.
Average daily use for drills of up to 35 m³ per drill (up to 4 drills). Total up to 143 m³/day.

Water returned to source
0 m³/day

8. **WASTE** (for each type of waste describe: composition, quantity (cubic metres per day), methods of treatment and disposal, etc.)

- | | |
|---|---|
| <input type="checkbox"/> Sewage | <input checked="" type="checkbox"/> Waste oil |
| <input checked="" type="checkbox"/> Solid Waste | <input checked="" type="checkbox"/> Greywater |
| <input type="checkbox"/> Hazardous | <input checked="" type="checkbox"/> Sludges |
| <input checked="" type="checkbox"/> Bulky Items/Scrap Metal | <input type="checkbox"/> Other describe): |

A pacto system is used for human waste when people are working at the camp (typically for periods of up to 3 days). The resulting waste is securely packaged in plastic bags, transported to the main camp at Goose Lake and disposed of in the camp incinerator.

Minimal quantities of greywater may be generated from camp use in the kitchen and dry. It will be screened for large particles before being deposited into a sump where it will be allowed to percolate into the ground.

Sludge from the drills is currently captured using the megabag system and deposited in a sump dedicated to this purpose at the George Lake camp. As per Part F, Section 2 of the current terms and conditions of the license, a natural depression in the vicinity of drilling may be used for disposal of the cuttings in lieu of transporting them. Doing so will reduce both the costs of the operation as well as the risk of a spill by transporting the cuttings. Should a change of drill contractors occur, it may also become necessary to use a local sump under Part F, Section 2 for cuttings disposal (i.e. not all drill systems are equipped to use the megabag for cuttings capture).

Waste generated at the drill, such as packaging, metal, etc. will be removed from the site to Goose Lake or Hackett River camp. Combustible waste will be disposed of in the camp incinerator, metal waste will be packaged with other metal scrap for backhaul, and oil and lubricants will be disposed of either in the waste oil heater (described below) or at an appropriate disposal facility.

A waste oil heater was installed in the north quonset at Goose Lake during the 2008 field season. Waste oil from vehicle and generator maintenance will be thinned with diesel fuel and used to heat the quonset, providing a comfortable work place to conduct maintenance activities during the winter months. Waste oil in excess of what can reasonably be consumed in the heater will be stored for later use or backhaul and disposal at an appropriate facility.

9. OTHER PERSONS OR PROPERTIES AFFECTED BY THIS UNDERTAKING (give name, mailing address and location; attach if necessary)

Land Use Permit

DIAND

☐ Yes ☐ No If no, date expected _____

Regional Inuit Association

☒ Yes ☐ No If no, date expected _____

Commissioner

☐ Yes ☐ No If no, date expected _____

10. PREDICTED ENVIRONMENTAL IMPACTS OF UNDERTAKING AND PROPOSED MITIGATION MEASURES (direct, indirect, cumulative impacts, etc.)

All drilling additives are biodegradable. The use of salt at the drill site is expected to have minimal impact as the brine will be effectively diluted by water pumped to the drill site at a rate of approximately 12 gallons per minute. Salt is needed to prevent permafrost from freezing the hole closed when drilling is halted for a significant length of time. Permafrost is not present under deeper lakes that don't freeze to the bottom. As a result, little to no salt is expected to be required for on-ice holes drilled on larger lakes.

If drilling is successful in intersecting sulfide mineralization the resulting drill cuttings will have increased acid rock drainage potential. This is a naturally occurring state within the soils developed above existing zones of sulfide mineralization on the property. The relatively small quantities of sulfide rich drill cuttings left at the surface are expected to be admixed with other rock types in the drill cuttings, thereby slowing the rate of reaction and providing possible buffering capacity. The quantity of drill cuttings at each drill site depends on the length of the hole and is estimated to be up to 1 m³ for the deepest holes.

Water from drilling operations will be recirculated to minimize the quantity used. The megabag system is currently used to capture drill cuttings which are subsequently removed from the drill site by helicopter and deposited in a sump at camp. Clarified water drains through the bag and is allowed to disperse on the tundra where it percolates into the ground and returns to the local watershed. Small quantities of rock flour and drill cuttings may end up being deposited on the tundra in the area of the drill collar, however they will have a similar composition to that of the local outcrop or overburden material and will not represent a source of significant impact to the surrounding environment. In time, native vegetation will colonize these areas. Compression of vegetation in the vicinity of the drill set up will occur; this impact will naturally correct itself once the drill has been moved from the site.

Where drilling occurs on or near lakes, the drill return water (containing drill cuttings) will be pumped well back from the shore of the lake. At each drill site (except those drilled from ice) plans are to backfill the drill hole with any accumulated drill cuttings taking care not to disrupt the surrounding topsoil/organic layer. Any excess sludge or cuttings are allowed to dry, then collected and removed for disposal.

No cumulative impacts are expected. It is not expected that additional drills will be brought to site – only those currently on site will be used. Should a change of drilling contractors occur, there would likely be a replacement of the equipment currently on site.

NIRB Screening

☒ Yes ☐ No If no, date expected _____
NIRB file 08EA084

11. INUIT WATER RIGHTS

Will the project or activity substantially affect the quality, quantity, or flow of water flowing through Inuit Owned Lands and the rights of Inuit under Article 20 of the Nunavut Land Claims Agreement?

If yes, has the applicant entered into an agreement with the Designated Inuit organization to pay compensation for any loss or damage that may be caused by the alteration. If no compensation agreement has been made, how will compensation be determined? _____

This project will not substantially affect the quality, quantity or flow of water flowing through Inuit Owned Lands.

12. CONTRACTORS AND SUB-CONTRACTORS (name, address and functions)

Note that this list is subject to change due to contract negotiations and tendering.

Diamond drilling

Bradley Brothers
70 Industrial Blvd.
Rouyn-Noranda, QC J9X 6T3

First aid, camp staffing

1984 Enterprises / 5196 Nunavut Inc.
1000-355 Burrard Street
Vancouver, BC V6C 2G8

Helicopter support

Northern Air Support Ltd.
6285 Airport Way
Kelowna, BC V1V 1S1

Expediting and logistical support

Nunavut Expediting Services Ltd.
PO Box 97
Cambridge Bay, NU X0E 0C0

13. STUDIES UNDERTAKEN TO DATE (list and attach copies of studies, reports, research, etc.)

Gartner Lee Limited, 2008. *Field Report – Back River Project: Back River Freshwater Aquatic Resources 2007*.

Prepared for Dundee Precious Metals Inc. Toronto. 46p.

Gartner Lee Limited, 2008. *Field Report – Back River Project: Wildlife and Wildlife Habitat 2007*. Prepared for Dundee Precious Metals Inc. Toronto. 52p.

Golder Associates Ltd., 2007. *Back River Project: Environmental Baseline Studies September 2006*. Prepared for Dundee Precious Metals Inc. Toronto. Report 06-1373-45. 84p.

Golder Associates Ltd., 2006. *Environmental Baseline Studies for the Back River Project 2005*. Prepared for Dundee Precious Metals Inc. Toronto. Report 05-1373-010. 68p.

14. THE FOLLOWING DOCUMENTS MUST BE INCLUDED WITH THE APPLICATION FOR THE REGULATORY PROCESS TO BEGIN

Supplementary Questionnaire (where applicable: see section 5) ☒ Yes ☐ No If no, date expected _____

Inuktitut and/or Inuinnaqtun/English Summary of Project ☒ Yes ☐ No If no, date expected _____

Application fee of \$30.00 (Payee Receiver General for Canada) ☒ Yes ☐ No If no, date expected _____

Water Use fee of \$30.00 (unless otherwise indicated in Section 9 of the *NWT Waters Regulations*; Payee Receiver General for Canada)

☒ Yes ☐ No If no, date expected _____

15. PROPOSED TIME SCHEDULE (unless otherwise indicated, the NWB will consider the application for a five (5) year term)

☐ one year or less (or) ☒ Multi Year

Start Date: April 1, 2010

Completion Date: March 31, 2015

Douglas Cater
Name (Print)

Project Manager
Title (Print)


Signature

Dec. 3, 2009
Date

For Nunavut Water Board office use only

APPLICATION FEE Amount: \$ _____ Pay ID No.: _____

WATER USE DEPOSIT Amount: \$ _____ Pay ID No.: _____